

Message Text

LIMITED OFFICIAL USE

PAGE 01 TOKYO 12511 170821Z
ACTION XMB-04

INFO OCT-01 EA-07 ISO-00 AID-05 EB-08 COME-00 TRSE-00
CIAE-00 INR-07 NSAE-00 /032 W
-----063038 170841Z /15
R 170739Z AUG 77
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC 249
INFO AMCONSUL OSAKA

LIMITED OFFICIAL USE TOKYO 12511

E.O. 11652: N/A
TAGS: EFIN, JA
SUBJECT: CONFIRMATION OF JAPANESE SPINNERS ASSOCIATION REQUEST
FOR WAIVER OF MINISTRY OF FINANCE ORDINANCE NO. 62

REF: STATE 188953 (RPTD TO AMCONSUL OSAKA)

1. SUMMARY. MINISTRY OF FINANCE (MOF) CONFIRMS IT HAS
TAKEN NEGATIVE ATTITUDE TOWARD EXTENSION PRESENT EXCEPTIONAL
TREATMENT UNDER FOREIGN EXCHANGE CONTROL REGULATIONS FOR
EX-IM LOANS TO COTTON SPINNERS TO ENCOMPASS EX-IM GUARANTEED
LOANS. END SUMMARY.

2. AS REQUESTED REFTEL, FINATT CALLED ON RESPONSIBLE
OFFICIAL IN INTERNATIONAL FINANCE BUREAU, MOF, TO SEEK
CONFIRMATION AND CLARIFICATION OF MOF POSITION RE UTILIZA-
TION OF EXIM BANK GUARANTEED COMMERCIAL CREDIT BY JAPANESE
COTTON SPINNER ASSOCIATION. MOF OFFICIAL CONCERNED
CONFIRMED THAT MOF HAD TAKEN NEGATIVE POSITION REGARDING
EXPANSION OF PRESENT EXCEPTION FOR EXIM BANK LOANS IN
STANDARD METHOD OF SETTLEMENT PROVISIONS IN FOREIGN
EXCHANGE CONTROL REGULATIONS TO INCLUDE EXIM BANK
GUARANTEED CREDITS.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 TOKYO 12511 170821Z

3. MOF OFFICIAL ACKNOWLEDGED THAT SPINNERS FIND EXIM
LOAN ATTRACTIVE BECAUSE OF ITS ONE-YEAR TERM AND CONFIRMED
THAT EXIM GUARANTEED LOANS DO NOT QUALIFY FOR PRESENT
EXCEPTION GRANTED BY MINISTERIAL ORDINANCE FOR EXIM LOANS.
HE RECALLED THAT PRESENT TREATMENT OF EXIM LOANS WAS
SPECIAL, DATING FROM BYGONE ERA WHEN JAPANESE ECONOMIC
SITUATION WAS MUCH DIFFERENT. THUS WHILE PRESENT TREATMENT

OF EXIM LOANS WAS CONSIDERED TO BE A SORT OF VESTED INTERESTS, MOF DID NOT LIKE THE IDEA OF EXTENDING PREFERENTIAL TREATMENT TO INCLUDE EXIM GUARANTEED LOANS. BEYOND THIS, HE NOTED THAT JAPAN'S FOREIGN EXCHANGE POLICY HAD FOR SOME TIME REFLECTED CONCERN ABOUT LEVELS OF BORROWING ABROAD BY JAPANESE RESIDENTS. FINALLY, HE EXPRESSED CONCERN THAT IF AN EXCEPTION WERE MADE FOR COTTON SPINNERS, OTHER JAPANESE IMPORTERS WOULD SEEK COMPARABLE TREATMENT.

4. MOF OFFICIAL INDICATED THAT MOF HAD THEREFORE BEEN SUGGESTING TO INTERESTED PARTIES IN JAPAN THAT YEN FINANCING BE ARRANGED BY COTTON SPINNERS. SINCE INTEREST RATES HAD DECLINED CONSIDERABLY IN JAPAN, AND BANKS WERE GENERALLY IN LIQUID POSITION, MOF BELIEVED IT WOULD BE POSSIBLE FOR A JAPANESE BANK, OR PERHAPS MORE LIKELY A SYNDICATE OF BANKS, TO PROVIDE NECESSARY FINANCING. IN ENSUING EXCHANGE OF VIEWS ABOUT FEASIBILITY OF THIS COURSE, MOF OFFICIAL SAID THAT COTTON IMPORTS FROM AREAS OTHER THAN U.S. ARE NOW FINANCED BY YEN BORROWING. HE INDICATED THAT THIS BORROWING WAS AT FOUR MONTHS MATURITY BUT, WHILE STATING FOR THE RECORD THAT THE QUESTION OF MATURITY WAS A COMMERCIAL ONE, SEEMED TO FEEL THAT A ONE-YEAR MATURITY MIGHT BE POSSIBLE.

5. MOF OFFICIAL MADE CLEAR THAT MOF WOULD HAVE NO PROBLEMS WITH U.S. COMMERCIAL BANK FOUR-MONTH CREDIT (PRESUMABLY LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 TOKYO 12511 170821Z

WITH OR WITHOUT EXIM GUARANTEE).
MANSFIELD

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FINANCE, CREDIT, PROCUREMENT, COTTON
Control Number: n/a
Copy: SINGLE
Sent Date: 17-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977TOKYO12511
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770296-0662
Format: TEL
From: TOKYO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770851/aaaabrca.tel
Line Count: 96
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: f3b31759-c288-dd11-92da-001cc4696bcc
Office: ACTION XMB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 STATE 188953
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 17-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1572045
Secure: OPEN
Status: NATIVE
Subject: CONFIRMATION OF JAPANESE SPINNERS ASSOCIATION REQUEST FOR WAIVER OF MINISTRY OF FINANCE ORDINANCE NO. 62
TAGS: EFIN, JA, US, JAPANESE SPINNERS ASSOCIATION
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/f3b31759-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009